

Message Text

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TAGS: EAGR, EPAP, UR

SUBJECT: SOY OUTLOOK SYNOPSIS

1. SUMMARY: BELOW IS BRIEF ASSESSMENT OF SITUATION AND OUTLOOK FOR SOYBEAN SUPPLY, INCLUDING IMPORTS IN IMMEDIATE YEARS AHEAD. CONCLUSIONS ARE TENTATIVE, OF COURSE, BUT RECEIPT OF AGATT VIEWS THOUGHT IMPORTANT CONSIDERING FORTHCOMING SOVIET VISITS TO U.S. ON SOY MATTER. END SUMMARY.

2. SOVIETS MADE VERY LITTLE FORWARD PROGRESS IN 1977 IN INCREASING SOY ACREAGE. WE DOUBT THAT PLANTED AREA REACHED MORE THAN 800,000 HA. UP NOT MORE FIVE PERCENT ABOVE LAST YEAR'S 763,000. AREA IN 1977 IS STILL WELL BELOW RECORD ACREAGE OF 905,000 HA. IN 1972.

3. WE CONTINUE TO FEEL THAT THOUGH USSR, OF COURSE, HAS LONG-TERM GOAL OF INCREASING DOMESTIC SOYBEAN PRODUCTION, THEIR ESTIMATED PRODUCTION POTENTIAL OF AROUND FIVE MILLION TONS COULD NOT BE REACHED BEFORE MID-1980S. THIS ASSUMES A TRIPLING OF HIGH-QUALITY ACREAGE, LARGELY IRRIGATED IN SOUTH RUSSIA, AND A DOUBLING OF YIELDS.

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4. USSR'S LOW-YIELD PROBLEM IS AS YET UNRESOLVED. YIELDS ON IRRIGATED ACREAGE IN CRIMEA LAST YEAR WERE BELOW 30 BUSHEL PER ACRE, AND IN KUBAN THEY WERE ONLY 16-17. IN THE FAR EAST, OUTPUTS PER ACRE HAVE, IN PAST, REACHED CLOSE TO 45 ON A RAYON (COUNTY) WIDE ACREAGE, BUT THESE RESULTS HAVE ONLY BEEN WHEN CONDITIONS WERE IDEAL.

5. MAJOR YIELD PROBLEMS INCLUDE BASICS SUCH AS POOR SEED VARIETIES; INADEQUACIES IN AGRICULTURAL MACHINERY, PARTICULARLY SEEDING AND HARVESTING; AGRICULTURAL CHEMICAL APPLICATION, ESPECIALLY HERBICIDES, ETC.

6. THE MAJOR DIFFICULTY WITH YIELDS OF THE LEVEL ACHIEVED IN THE UKRAINE AND N. CAUCASUS TO DATE IS THAT RETURNS TO THE STATE FARM OR COLLECTIVES ARE SUBSTANTIALLY BELOW RETURNS FROM OTHER IRRIGATED CROPS. THIS PRECLUDES RAISING ACREAGE THE ONLY OTHER WAY IN WHICH PRODUCTION CAN BE RAPIDLY INCREASED. THIS NON-PROFIT-ABILITY MUST BE CHANGES, (BUT HAS NOT BEEN DONE SO AS YET), IF THE USSR IS TO SUCCEED IN EVEN SUBSTANTIALLY INCREASING ACREAGE.

7. IT WOULD, OF COURSE, BE POSSIBLE TO RAISE PLANTED ACREAGE BY ADMINISTRATIVE FIAT, BUT THIS APPEARS DOUBTFUL AT THIS TIME, BECAUSE OF THE DANGER OF SUB-SEQUENT CHARGES OF KHRUSHCHEVISM -- I.E., PAVING THE USSR WITH LOW-YIELDING CORN FOR GRAIN IN THE EARLY 1960'S, AND OTHER REASONS.

8. WHAT LOOKS PROBABLE IS A DETERMINED EFFORT IN THE YEARS AHEAD TO INCREASE YIELDS OF THIS CROP, WHICH IS BY NO MEANS ASSURED OF IMMEDIATE OR MAJOR SUCCESSES. YIELD AND OTHER MAJOR PRODUCTION PROBLEMS WILL REQUIRE SEVERAL YEARS BEFORE THEY CAN BE PARTIALLY RESOLVED. DURING SUCH TIME, OUTPUT OF MAINLY FIELD PEAS AND ALFALFA PROTEIN SOURCES WILL BE FURTHER DEVELOPED. HIGHER SUN-FLOWER ACREAGE GOALS ARE ALSO TARGETED.

9. IT IS NOT YET CLEARLY DISCERNIBLE WHICH OR WHAT ACREAGE MIX LIMITED OFFICIAL USE

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OF THE FEED PROTEIN CROP ALTERNATIVES IS OPTIMAL FOR THE USSR. IT COULD EVEN BE THAT, ALTHOUGH APPARENTLY PRESENTLY PREOCCUPIED WITH THE POSSIBILITY OF ELIMINATING THEIR LARGE FEED PROTEIN DEFICIT THROUGH IMPORTS OF SOY BEANS (IF PRICES REMAIN FAVORABLE). IN THE SHORT RUN AND INCREASING PRODUCTION OF THIS CROP IN THE LONG RUN, IT MAY WELL BE THAT THE SOVIETS WILL BE REQUIRED FOR MANY YEARS TO RELY ON SOYBEAN IMPORTS. IMPORTS APPEAR ALMOST A CERTAINTY ON A PERIODIC BASIS DUE TO CROP FAILURES (2-3 TIMES EACH DECADE), LARGELY BECAUSE OF WEATHER.

10. THE DEGREE OF PROBABILITY THAT PURCHASES FROM THE WEST WILL BE REQUIRED ON A REGULAR BASIS DEPENDS ON MANY, MANY UNKNOWNNS, INCLUDING THE STATE OF DETENTE, BUT IF THEY ARE SUCCESSFUL IN RAISING MEAT PRODUCTION, WHICH DOES LOOK LIKELY AT THIS TIME, THIS WILL FURTHER INCREASE THEIR FEED PROTEIN NEEDS. SPECIFICALLY, IF THEY EVEN DOUBLE BROILER OUTPUT BETWEEN 1977 AND 1980 (GOAL IS ACTUALLY TO TRIPLE IT), THIS SHOULD ALMOST DOUBLE THEIR SOYBEAN MEAL REQUIREMENT. THE MAJOR USE OF THE SOYMEAL PRODUCED FROM IMPORTED BEANS IN THE 1975-77 PERIOD HAS BEEN FOR BROILER RATIONS.

11. A MAJOR ROADBLOCK TO IMPORTING BEANS AND PROCESSING THEM IN GREATER QUANTITIES IN THE USSR HAS BEEN THE CURRENT STATE OF THEIR EXTRATION AND VEGETABLE OIL INDUSTRIES. THE PLANS WHICH HAVE RECENTLY COME TO LIGHT FOR MODERNIZING AND EXPANDING THESE FACILITIES ARE CERTAINLY ANOTHER INDICATION THAT SOVIET OFFICIALS HAVE DECIDED TO ENSURE THAT THE USSR POSSESSES THE CAPACITY TO PROCESS INCREASED VOLUMES OF OILSEEDS (INCLUDING SOYBEANS) AND FURTHER PROCESS BI-PRODUCTS OF THESE OILSEEDS, INCLUDING SOY PROTEINS.

12. SOVIETS VISITING US THIS SUMMER SHOULD BE GIVEN EVERY POSSIBLE ASSURANCE THAT SOYBEANS WILL REMAIN IN ADEQUATE SUPPLY IN FUTURE, FURTHER, IF USG IS WILLING TO CONSIDER, REPEAT CONSIDER, A LONG TERM SOYBEAN SALES AGREEMENT WITH THE SOVIET UNION OF THE TYPE CURRENTLY IN EFFECT FOR GRAINS, AGATT RECOMMENDS THAT SOVIETS BE SO INFORMED.
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Message Attributes

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